



Corporate Report

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DATE: November 12, 2008

TO: Mayor & Members of Budget Committee
Meeting Date: November 19, 2008

FROM: Brenda Breault, CMA, MBA
Commissioner of Corporate Services and Treasurer

SUBJECT: **Investing in Ontario Act –\$24.95 Million -Options for Allocating
Mississauga's Share of the Funds**

- RECOMMENDATION:**
1. That \$24.95 million in *Investing in Ontario Act* funding be allocated to fund projects/uses related to Mississauga's City Centre such as sidewalk construction, Civic Square Redevelopment, Burnhamthorpe Road streetscape improvements and parking garage improvements, etc.
 2. That a new reserve fund entitled the City Centre Infrastructure Reserve Fund be established at an amount of \$24.95 million.
 3. That funding allocations to specific projects be subject to consideration and approval during the 2009/10 Budget deliberations.

BACKGROUND: In the 2008 Ontario Budget, the Minister of Finance announced the proposed *Investing in Ontario Act* that would allow future budget surpluses to be redirected towards priority spending areas as identified by the Province as opposed to surpluses being used solely for debt reduction.

The *Investing in Ontario Act* (IOA) received Royal Assent in May 2008 and provides for Provincial surplus funds in excess of \$600 million to be dedicated towards municipal infrastructure. As per the

Act, \$600 million has been set aside for reducing the Provincial deficit in 2007/08. Previously, the Provincial Government was required to use all year-end surpluses to reduce the accumulated deficit.

On August 25, 2008, Premier McGuinty announced at the Association of Municipalities of Ontario (AMO) conference in Ottawa that \$1.1 billion from the 2007/08 provincial surplus would be directed to municipalities under the *Investing in Ontario Act, 2008*.

The Province is allocating funding to municipalities on a per capita basis using 2006 population statistics. In a two-tier municipal structure, funds are first allocated based on total combined area municipal population (i.e., total Regional population as a percentage of total Ontario population). The upper tier municipality then receives its share of funding based on its share of the total municipal capital spending (i.e., looking at the combined Regional and local municipality capital spending) over the 2001 to 2005 period. The lower tier municipalities share the remaining amount on a per capita basis.

The following table provides the detailed funding allocations received in Peel.

Municipality	Grant
Mississauga	\$24,951,690
Region of Peel	\$67,043,896
Brampton	\$16,190,575
Caledon	\$2,129,229
Total Peel Grants	\$110,315,390

COMMENTS

IOA funding is intended for infrastructure investments involving a broad range of capital projects. The Province recently released program guidelines and the only restrictions are that the funding:

- must be spent on capital expenditures (i.e. therefore the money can not be used to reduce tax rates); and
- shall not be used for the purpose of reducing or paying out the amount of any debt related to a capital expenditure.

The City's portion of the \$1.1 billion in IOA funding is \$24.95 million. Since the announcement, staff have been examining several different approaches for using these grant monies.

Staff looked at a number of options including advancing projects already funded in the 10 year capital plan, allocating funds to increase the scope of projects in the existing capital budget forecast which could not be accommodated due to limited funds, allocating funds to projects identified but unfunded in the 2008-2017 capital budget forecast, and/or allocate funds to projects which contribute to the transformation of the City Centre into a vibrant, people focused downtown.

Development of the City Centre, including improvements to sidewalks, streetscaping around the Civic Centre, creation of great public spaces on the Civic Square (City Hall/Central Library) and the LAC park, enhancement of the Confederation Parkway bridge as an entry point into the City Centre, improved streetscaping on Burnhamthorpe Road and improved Civic Square parking structure access, has been identified as a high priority by Council. The IOA funds will enable a number of these priority projects identified for the City Centre through the place making and the Strategic Plan public engagement process to move forward.

With regard to the Civic Square, improvements planned include:

- Redevelopment of the Civic Square & Library Square (total project cost \$20 million to \$25 million, of which about \$10.2 million is currently unfunded);
- City Centre sidewalks (\$750,000);
- City Centre parking structures (Civic Centre, Central Library, LAC) retrofit and access improvements (\$1,000,000);
- Streetscaping of Burnhamthorpe Road East from Arista Way to Dixie Rd (\$1,900,000).

Estimates of the cost of potential additional improvements along Burnhamthorpe and streetscape works along Duke of York Boulevard and improvements to the LAC park have not yet been prepared.

With respect to the proposed redevelopment of the Civic Square, some of the improvements include:

- expansion of the skating rink;
- a significant water feature created at grade;
- creation of an outdoor market space;
- major accessibility improvements;
- creation of significant planting areas;

- redevelopment of the amphitheatre and a permanent stage;
- new on site washrooms; and
- improved way finding and signage.

A more detailed description of potential City Centre projects and scope of work including impacts on the community, project costs, existing funding, unfunded amounts, previous capital budget submissions, and construction start/completion dates are included for several possible projects. These are contained in Appendix 1.

Staff is proposing that the City invest the \$24.95 million IOA funds in City Centre related projects. The City Centre development is a key priority under Mississauga's new Strategic Plan. Many of these projects are currently not funded, either in whole or in part.

Implementation

Some City Centre projects are in a more developed state of readiness and implementation than others. As such, staff recommends that a City Centre Infrastructure Reserve Fund be established to fund City Centre related projects and the \$24.95 million in IOA funds be placed in the Reserve. Allocations of funding to specific projects would only proceed with Council's approval. Staff recommends that these approvals take place during Council's 2009/10 Budget deliberations.

FINANCIAL IMPACT: There is a long list of projects that would benefit from the use of the one-time funding, however, IOA grants should not replace development charges or other growth-related funding sources. These types of projects should only be considered to finance the 10% DC discount portion or the non-growth-related benefit shares that must be funded from tax monies.

It should be noted that about \$10.2 million of the proposed \$20 to \$25 million for the Civic Square Redevelopment is already funded as follows:

- \$5.15 million in tax based reserve funds
- \$0.7 million in development charges
- \$3.6 in Cash-In-Lieu of Parkland contributions.

Accordingly, IOA funds should not replace the \$4.3 million in growth-related financing sources already in place, but rather should be used to replace and/or augment tax based funding. It is proposed that the entire \$24.95 million in IOA funds be utilized to support City Centre Infrastructure projects.

CONCLUSION:

The announcement of funding through the *Investing in Ontario Act, 2008* provides a significant opportunity for the City to invest in key projects related to City Centre improvements that would otherwise not be possible.

While not resolving the City's ongoing infrastructure needs for the future, the Provincial Government has fulfilled its promise of assisting municipalities at least in the short term through the *Investing in Ontario Act*. It would therefore be prudent at this time to use these funds in a way that would benefit all Mississauga residents and invest in new strategic projects which support the transformation of the City Centre into a vibrant urban downtown.

Given the Province's most recent economic statement and the projection of a deficit, it is unlikely that any IOA funds will be available in the 2008/09 fiscal year.

Sustainable funding and support from both the Provincial and Federal Governments will be imperative in order to deal with the City's continuing infrastructure needs.

ATTACHMENTS:

Appendix 1: Investing In Ontario Act Project Funding Requests

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